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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	DESIST AND REFRAIN ORDERS
)	PURSUANT TO FINANCIAL CODE
THE COMMISSIONER OF BUSINESS)	SECTIONS 23050 AND 22712; and
OVERSIGHT,)	CITATIONS PURSUANT TO FINANCIAL
)	CODE SECTIONS 23058 AND 22707.5
Complainant,)	
)	
v.)	
)	
StoreFront Lenders, LLC a.k.a.)	
StoreFrontLender.com a.k.a.)	
DOT818.com a.k.a. Dot818,)	
)	
Respondent.)	

The Complainant is informed and believes and based upon such information and belief,
alleges and charges the Respondent as follows:

I.

Introduction

1. At all relevant times, StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818 (StoreFront Lenders) is a California limited liability company incorporated on or around November 14, 2011, with a principal place of business located at 1111 North Brand Boulevard, Suite 401, Glendale, California 91202.

2. From in or around 2013 through 2014, StoreFront Lenders operated the website, www.storefrontlender.com, which advertised, “Local Internet Leads Delivered To Your Store Front,” and displayed the telephone number (855) 478-6733. Starting from in or around 2015, StoreFront Lenders operated the website, www.dot818.com, which advertises, “With dot818, you can consistently improve your ROI as you buy or sell online traffic in short-term, installment, small business, or personal loans,” and displays the telephone number (818) 844-3900.

3. The Commissioner has jurisdiction over deferred deposit transactions as set forth in the California Deferred Deposit Transaction Law (Financial Code section 23000 *et seq*) (CDDTL). “Deferred deposit transactions,” commonly referred to as “payday loans” or “payday advances,” means a transaction whereby a person defers depositing a customer’s personal check until a specific date, pursuant to a written agreement for a fee or other charge.

4. The Commissioner has jurisdiction over the licensing and regulation of finance lenders and brokers in the State of California pursuant to the California Finance Lenders Law (Financial Code section 22000 *et seq*) (CFL).

5. Storefront Lenders has never obtained any license under the CDDTL or CFL.

II.

Unlicensed Deferred Deposit Transaction Activity

6. From at least January 2015 through October 2015, StoreFront Lenders engaged in the business of deferred deposit transactions by arranging deferred deposit transactions for a deferred deposit originator (DDO) or assisting a DDO in the origination of a deferred deposit transaction as described in further detail below:

a) StoreFront Lenders displayed certain creative advertising materials and loan application form on the internet on behalf of a DDO, soliciting consumers for personal information, including but not limited to: name; email address; residential address; phone number; duration and status of residential ownership; employer’s name and phone number; pay period; date of next payment; and net monthly income.

b) StoreFront Lenders provided a DDO with “real time leads,” consisting of potential borrowers who met a DDO’s requirements, including but not limited to: specified area zip

codes; minimum age; monthly income; minimum requested loan amount; direct deposit requirement; and a minimum length of time since opening a checking account. StoreFront Lenders delivered the leads to a DDO at specified “lead delivery times.”

c) StoreFront Lenders claimed on its website to “match your ads to the right consumers and give you tools to ensure you are getting the customers you really want.”

d) StoreFront Lenders generated a report on its website detailing the number of loaned leads and amount of money spent on generating leads for each of a DDO’s branch locations, or “channels.”

e) StoreFront Lender’s “Storefrontlender.com Buyer Agreement” (Agreement) defined “Valid Lead” as an individual person who was not a computer generated user and submitted information that met all of a DDO’s criteria as set forth in the Insertion Order.

f) From at least January 2015 through October 2015, StoreFront Lenders arranged or assisted a DDO in the origination of approximately 44 deferred deposit transactions by generating at least 300 Valid Leads for \$5.00 per Valid Lead.

III.

Unlicensed Finance Lender or Broker

7. From at least December 2014 through November 2015, StoreFront Lenders engaged in the business of a finance lender or broker and/or solicited or accepted applications for loans while not regularly employed at a licensed place of business of a finance lender or broker (Finance Company), as described in further detail below:

a) On or around December 11, 2014, StoreFront Lenders entered into a Vendor Services Agreement with a licensed Finance Company. The Vendor Services Agreement provided that StoreFront Lenders, or “Vendor,” would receive compensation from the Finance Company, or “Company,” for providing “Lead(s).” The parties defined Lead(s) as follows:

[A]n end user that completes all of the required fields on the credit or similar application form created and provided by Company where such application information is delivered to Company by Vendor, or where the end user completes all the required fields on an application form on a website designated by Company after originating from Vendor’s website or call center, if approved by Company in advance

1 b) On or around December 11, 2014, StoreFront Lenders and the Finance
2 Company agreed to a “Funded Account Insertion Order” that specified terms and conditions for
3 compensable Lead(s) by the Finance Company, including but not limited to: specified minimum
4 age; status of United States residency; State(s) of residency; completion of all requested fields in the
5 Finance Company’s application form; and the applicant’s affirmative agreement to the consents and
6 authorizations set forth in the Finance Company’s application form.

7 c) From at least January 2015 through November 2015, StoreFront Lenders
8 provided invoices for compensable Lead(s) on an approximately weekly basis to the Finance
9 Company, including, but not limited to, the following information: a description of the funded
10 account, such as “Personal Loan;” quantity of funded accounts; the rate of compensation for each
11 funded account; and the total amount invoiced to the Finance Company for that week. From
12 January 2015 to November 2015, StoreFront Lenders invoiced the Finance Company at a rate of
13 \$150.00 to \$200.00 per funded account.

14 8. In or around June 2017, StoreFront Lenders stated on its website at
15 <https://dot818.com/company/>:

16 About Us

17 Leads. That’s what we do best . . . Dot818 is home to an innovative
18 network connecting lenders, storefronts, and affiliates

19 For lenders, we offer tools to track lead reaction time and lead progress.
20 Our filters help increase the right kind of traffic. We closely monitor lead
21 to loan conversion to ensure all campaigns are running at peak
22 performance. We consistently run analytical reports to see what can be
23 improved.

24 Affiliates get detailed analytics, weekly commission payments, and high-
25 converting landing pages.

26 We understand that to provide a solid network, we need to have strong
27 relationships with each of our clients. That’s why we offer personal
28 customer service. Our account managers will work with you directly
whenever you need us – 24 hours a day, seven days a week . . .

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IV.

Desist and Refrain Orders

9. Financial Code section 23005, subdivision (a) provides, in relevant part:

A person shall not offer, originate, or make a deferred deposit transaction, arrange a deferred deposit transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist a deferred deposit originator in the origination of a deferred deposit transaction without first obtaining a license from the commissioner and complying with the provisions of this division

10. Financial Code section 23050 provides:

Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner, or any licensee is violating any provision of this division, the commissioner may order that person or licensee to desist and to refrain from engaging in the business or further violating this division. If within 30 days, after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded.

11. StoreFront Lenders was never licensed by the Commissioner to engage in the business of deferred deposit transactions by arranging deferred deposit transactions for a deferred deposit originator or assisting a deferred deposit originator in the origination of a deferred deposit transaction, in violation of Financial Code section 23005.

12. Financial Code section 22004 provides, “‘Broker’ includes any person who is engaged in the business of negotiating or performing any act as broker in connection with loans made by a finance lender.”

13. Financial Code section 22100, subdivision (a) provides, “No person shall engage in the business of a finance lender or broker without obtaining a license from the commissioner.”

14. Title 10 of the California Code of Regulations, section 1451, subdivision (c) provides, in relevant part:

No finance company shall pay any compensation to an unlicensed person or company for soliciting or accepting applications for loans, except for an employee regularly employed at a licensed place of business of the finance company

1 15. Financial Code section 22712, subdivision (a), provides, in relevant part:

2 Whenever, in the opinion of the commissioner, any person is engaged in
3 the business as a broker or finance lender, or a mortgage loan originator,
4 as defined in this division, without a license from the commissioner, or
5 any licensee is violating any provision of this division, the commissioner
6 may order that person or licensee to desist and to refrain from engaging in
7 the business or further violating this division. If, within 30 days after the
8 order is served, a written request for a hearing is filed and no hearing is
9 held within 30 days thereafter, the order is rescinded

10 16. StoreFront Lenders was never licensed by the Commissioner to engage in the
11 business of a broker or finance lender, and it is not exempt from the licensure requirement.

12 17. Based on the foregoing, the Commissioner of Business Oversight is of the opinion
13 that StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818
14 engaged in the business of deferred deposit transactions without obtaining a license from the
15 Commissioner, in violation of Financial Code section 23005. Pursuant to Financial Code section
16 23050, StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818,
17 and any and all officers, directors, employees, independent contractors, or agents operating on
18 behalf of StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818,
19 and their successors or assigns are hereby ordered to desist and refrain from engaging in the
20 business of deferred deposit transactions without a license from the Commissioner, in violation of
21 Financial Code section 23005.

22 18. Furthermore, based on the foregoing, the Commissioner of Business Oversight is of
23 the opinion that StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a.
24 Dot818 engaged in the business of a broker or finance lender without obtaining a license from the
25 Commissioner, in violation of Financial Code section 22100. Pursuant to Financial Code section
26 22712, StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818,
27 and any and all officers, directors, employees, independent contractors, or agents operating on
28 behalf of StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818,
29 and their successors or assigns are hereby ordered to desist and refrain from engaging in the

1 business of a broker or finance lender without a license from the Commissioner, in violation of
2 Financial Code section 22100.

3 19. These Orders are necessary, in the public interest, for the protection of investors and
4 consistent with the purposes, policies, and provisions of the California Deferred Deposit
5 Transaction Law and the California Finance Lenders Law.

6 **V.**

7 **Citations**

8 20. For the CDDTL and CFLL violations of StoreFront Lenders, LLC a.k.a.
9 StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818, the Commissioner herein issues the
10 following Citations A and B, as part of this single document:

11 **CITATION A** – StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com
12 a.k.a. Dot818 engaged in the business of deferred deposit transactions without obtaining a license
13 from the Commissioner, in violation of Financial Code section 23005.

14 **CITATION B** – StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com
15 a.k.a. Dot818 engaged in the business of a broker or finance lender without obtaining a license from
16 the Commissioner, in violation of Financial Code section 22100.

17 21. Financial Code section 23058 states:

18 (a) If, upon inspection, examination or investigation, based upon a
19 complaint or otherwise, the department has cause to believe that a person
20 is engaged in the business of deferred deposit transactions without a
21 license, or a licensee or person is violating any provision of this division
22 or any rule or order thereunder, the department may issue a citation to that
23 person in writing, describing with particularity the basis of the citation.
24 Each citation may contain an order to desist and refrain and an assessment
25 of an administrative penalty not to exceed two thousand five hundred
26 dollars (\$2,500). All penalties collected under this section shall be
27 deposited in the State Corporations Fund.

28 (b) The sanctions authorized under this section shall be separate from, and
in addition to, all other administrative, civil, or criminal remedies.

(c) If within 30 days from the receipt of the citation of the person cited
fails to notify the department that the person intends to request a hearing
as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and in all states the commissioner has all the powers granted therein.

(e) After the exhaustion of the review procedures provided for in this section, the department may apply to the appropriate superior court for a judgment in the amount of the administrative penalty and order compelling the cited person to comply with the order of the department. The application, which shall include a certified copy of the final order of the department, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

22. Financial Code section 22707.5 states:

(a) If, upon inspection, examination, or investigation, the commissioner has cause to believe that a licensee or other person is violating any provision of this division or any rule or order thereunder, the commissioner or his or her designee, may issue a citation to the licensee or person in writing, describing with particularity the basis of the citation. Each citation may contain an order to correct the violation or violations identified and provide a reasonable time period or periods by which the violation or violations must be corrected. In addition, each citation may assess an administrative fine not to exceed two thousand five hundred dollars (\$2,500) that shall be deposited in the State Corporations Fund. In assessing a fine, the commissioner shall give due consideration to the appropriateness of the amount of the fine with respect to factors including the gravity of the violation, the good faith of the person or licensees cited, and the history of previous violations. A citation issued or a fine assessed pursuant to this section, while constituting punishment for a violation of law, shall be in lieu of other administrative discipline by the commissioner for the offense or offenses cited, and the citation and fine payment thereof by a licensee shall not be reported as disciplinary action taken by the commissioner.

(b) Notwithstanding subdivision (a), nothing in this section shall prevent the commissioner from issuing an order to desist and refrain from engaging in a specific business or activity or activities, or an order to suspend all business operations to a person or licensee who is engaged in or who has engaged in continued or repeated violations of this division. In any of these circumstances, the sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.

(c) If, within 30 days from the receipt of the citation, the licensee or person cited fails to notify the department that he or she intends to

request a hearing as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) After the exhaustion of the review procedures provided for in this section, the commissioner may apply to the appropriate superior court for a judgment in the amount of the administrative fine and an order compelling the cited licensee or person to comply with the order of the commissioner. The application, which shall include a certified copy of the final order of the commissioner, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

23. Pursuant to Financial Code sections 23058 and 22707.5, StoreFront Lenders, LLC a.k.a. StoreFrontLender.com a.k.a. DOT818.com a.k.a. Dot818 is hereby ordered to pay the Commissioner an administrative penalty of \$2,500.00 for each of Citations A and B, for a total amount of \$5,000.00 within 30 days from the date of this citation. The penalty shall be made payable in the form of a cashier's check or Automated Clearing House deposit to the "Department of Business Oversight," and transmitted to:

ATTN: Accounting-Litigation
The Department of Business Oversight
1515 K Street, Suite 200
Sacramento, California 95814

Dated: July 14, 2017
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division